

Department of Planning and Budget 2014 Fiscal Impact Statement

1. Bill Number: HB463

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Yost

3. Committee: General Laws

4. Title: State health plan; participation by local school divisions.

5. Summary: Provides for the participation by employees of a school division in the state employee health plan. After a period of three plan years, the local school board shall be required to make an irrevocable election whether to participate in the state employee health plan. The total cost of participation shall be borne by the local school board and the employee of the school division.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Indeterminate. See Item 8.

8. Fiscal Implications: The Department of Human Resource Management's (DHRM) submitted a report on the viability and financial impact of bringing the school and local government employees into the state health plan, prepared by Aon Hewitt, creating a state-wide schools and local government health benefit plan. Based on analysis using actual experience data for those school and local government entities who submitted data, the actuary estimated that the expected cost would be similar to the current state plan. House Bill 463 would only include the local school division employees and not the local government employees, but it is not anticipated that the different populations would have a material impact on the results estimated by the actuary.

The report did not include data from all potential entities that could elect to participate in the state health plan. The data limitations does raise the potential for variability in costs; however, without knowing which school divisions would elect to participate in the state employee health plan, it is not possible to determine a fiscal impact. The impact will only be determined once DHRM knows which school divisions elect to participate in the plan and make that election permanent. According to DHRM, by permitting school divisions to opt out of the state employee health plan within three years may result in some adverse selection, but that possibility can't be determined at this time.

9. Specific Agency or Political Subdivisions Affected: Department of Human Resource Management and local school divisions.

10. Technical Amendment Necessary: No.

11. Other Comments: Legislation is similar to House Bill 1016.

Date: 1/30/2014

Document: G:\Administration\Department of Human Resource Management\2014 GA
Session\Introduced\HB463.doc

c: Secretary of Administration